

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Charter Township of Grand Rapids	County Kent
Fiscal Year End December 31, 2006	Opinion Date March 28, 2007	Date Audit Report Submitted to State April 26, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

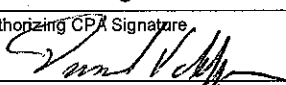
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No comments considered necessary	
Other (Describe)	<input checked="" type="checkbox"/>	SAS #112 communication	
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number (269) 381-4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
		Zip 49002	
Authorizing CPA Signature 		Printed Name Daniel L. Veldhuizen, CPA	
		License Number 1101020724	

Grand Rapids Charter Township
Kent County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended December 31, 2006

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Grand Rapids Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is intended as a narrative overview of the Grand Rapids Charter Township, Michigan's operations over the fiscal year and its financial condition on December 31, 2006.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased \$317,474 (3 percent) as a result of this year's operations.
- Of the \$10,723,708 total net assets reported, \$2,888,016 is unrestricted or available to be used to meet future operating and capital improvement needs.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$1,109,630 which represents 48 percent of the actual total General Fund expenditures for the fiscal year.

Overview of the financial statements

This discussion and analysis introduces the Township's basic financial statements that follow this section. These financial statements are presented to comply with Governmental Accounting Standards Board Statement 34 (GASB 34). The Township's basic financial statements are comprised of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide financial statements.
 - The governmental funds statements tell how general government services like public works and public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business. The Township's lone proprietary fund accounts for its building inspections department.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2006 and 2005 is also presented.

Grand Rapids Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets and the Statement of Activities includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets - the difference between the Township's assets and liabilities - is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's roads.

The government-wide financial statements of the Township are divided into two categories:

- *Governmental activities* - These activities include functions most commonly associated with government (e.g., general government, public safety, public works, etc.). Property taxes and intergovernmental revenues generally fund these services.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of operating the building inspections department.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by grant agreements.
- The Township Board establishes other funds to control and manage money for particular purposes (like sewer and water improvements) or to show that it is properly using certain taxes and other revenues (like the street lighting and lakes management special assessments).

The Township has three kinds of funds:

- *Governmental funds.* Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship between them.

Grand Rapids Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.
- *Fiduciary funds.* These funds are used to account for the collection and disbursement of resources, primarily taxes, for the benefit of parties outside the government. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Township's fiduciary balances are reported in a separate Statement of Fiduciary Net Assets - Fiduciary Funds. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

Net assets

Total net assets at the end of the fiscal year were \$10,723,708, an increase of 3% from the prior year. However, \$7,673,024 of this total is invested in capital assets and \$162,668 is restricted for public safety and public works. Consequently, unrestricted net assets were \$2,888,016, 27% of the total.

Condensed financial information
Net assets (in thousands)

	<i>Governmental activities</i>	
	2006	2005
Current and other assets	\$ 4,554,984	\$ 4,795,439
Capital assets	<u>7,673,024</u>	<u>7,657,105</u>
Total assets	<u>12,228,008</u>	<u>12,452,544</u>
Liabilities, other than long-term debt	<u>1,504,300</u>	<u>2,046,310</u>
Net assets:		
Invested in capital assets	7,673,024	7,657,105
Restricted	162,668	147,170
Unrestricted	<u>2,888,016</u>	<u>2,601,959</u>
Total net assets	<u>\$ 10,723,708</u>	<u>\$ 10,406,234</u>

Grand Rapids Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net assets

The Township's total revenues are \$2,941,289. Approximately 42% of the Township's revenues come from property taxes while state revenue sharing represents 32%. About 12% of total revenues come from charges for services.

Condensed financial information
Changes in net assets (in thousands)

	<u>Governmental activities</u>	
	<u>2006</u>	<u>2005</u>
Program revenues:		
Charges for services	\$ 364,240	\$ 383,085
Operating grants	8,607	15,932
Capital grants	43,258	-
General revenues:		
Property taxes	1,229,987	1,145,562
State shared revenue	952,525	973,299
Cable franchise fees	165,185	152,281
Interest income	174,700	101,157
Other	2,787	5,103
Special item - capital asset donations	-	58,736
Total revenues	<u>2,941,289</u>	<u>2,835,155</u>
Expenses:		
Legislative	20,170	18,771
General government	778,306	809,852
Public safety	1,368,474	1,292,392
Public works	219,900	162,039
Health and welfare	89,352	16,343
Community and economic development	86,030	75,753
Culture and recreation	61,583	161,313
Total expenses	<u>2,623,815</u>	<u>2,536,463</u>
Increase in net assets	<u>\$ 317,474</u>	<u>\$ 298,692</u>

Governmental activities

Governmental activities increased the Township's net assets by \$317,474 in 2006 compared with a \$298,692 increase in 2005. Key factors for the increase in net assets in 2006 include:

- a 7% increase in tax revenues
- the receipt of donations for the construction of a bike trail
- an increase in interest income

Grand Rapids Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The cost of all governmental activities this year was \$2,623,815 compared to \$2,536,463 in 2005. After subtracting the direct charges to those who directly benefited from the programs (\$364,240), and capital and operating grants (\$51,865), the "public benefit" portion covered by taxes, state revenue sharing, and other general revenues was \$2,207,710 in 2006 compared to \$2,137,446 in 2005.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

At December 31, 2006, the Township's governmental funds reported a combined fund balance of \$2,773,103, an increase of \$325,539 over last year.

The fund balance of the General Fund at year end was \$1,374,630 which represents a decrease of \$301,244 in 2006. The fund balance decreased because the fund reimbursed \$500,000 to the Improvement Revolving Fund for the purchase of property adjoining the Township Hall complex in 2004.

The fund balance of the Improvement Revolving Fund at year end was \$1,342,652. The fund's equity increased by \$601,334 in 2006 primarily due to a \$500,000 transfer from General Fund.

General Fund budgetary highlights

The difference between the original budget and the final amended budget for expenditures was a decrease of \$36,000 primarily due to a slower than expected increase in labor cost.

Revenues were \$60,186 more than budgeted primarily due to improved interest earnings on the fund balance and a better than expected building year that resulted in increased inspection fee revenues. General Fund expenditures were \$179,661 less than the amounts appropriated because of the Township's continued ability to control operating costs while taking advantage of the competitive savings for capital projects in a slow economy. These variances resulted in a \$241,388 positive budget variance, and a \$301,244 decrease in fund balance compared to a budgeted decrease of \$598,632.

Grand Rapids Charter Township
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets

At December 31, 2006, the Township had invested \$7,673,024 in various capital assets, including its land, buildings, equipment, and vehicles. This amount represents a net increase of \$15,919 in 2006.

This year's major capital asset additions included:

- Pathway improvements totaling \$212,730
- Purchase of a pick-up truck for the Fire Department for \$22,890

Economic condition and outlook

Michigan's economy continues to constrict and the affect on constitutional revenue sharing will be a projected net reduction for 2007 and 2008. The estimated 4% decrease in constitutional revenue sharing, which is 32% of the Township's total revenue, will negate half of the projected property tax revenue increase of 3.4% over the next two years. We anticipate that the remaining 12% of revenues that we derive from charges for services will remain stagnate.

The net impact is that we anticipate revenue growth to be less than 2% annually for the next two years.

Expenditures will have to be constrained to reflect the slow growth level in order to maintain a minimal 20% undesignated fund balance in the General Fund. The plan is to maintain existing services, preserve existing infrastructure, pace capital projects, and continue to find operational efficiencies to achieve financial stability.

Contacting the Township's financial management

This financial report is designed to provide a general overview of the Township's finances to its citizens, customers, investors, and creditors, and to demonstrate the Township's accountability for the money it receives. Questions regarding any information provided in this report or request for additional financial information should be addressed to:

Grand Rapids Charter Township
Supervisor's Office
1836 East Beltline N.E.
Grand Rapids, MI 49525-4594

Phone: (616) 361-7391

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Grand Rapids Charter Township, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Charter Township, Michigan as of December 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Grand Rapids Charter Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Rapids Charter Township, Michigan, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the budgetary comparison information, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Trustees
Grand Rapids Charter Township, Michigan
Page 2**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grand Rapids Charter Township, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

March 28, 2007

BASIC FINANCIAL STATEMENTS

Grand Rapids Charter Township
STATEMENT OF NET ASSETS
December 31, 2006

**Governmental
activities**

ASSETS

Current assets:

Cash	\$ 2,790,950
Investments	641,803
Receivables	959,931
Prepaid expenses	<u>53,300</u>

Total current assets 4,445,984

Noncurrent assets:

Receivables	109,000
Capital assets, not being depreciated - land	4,974,000
Capital assets, net of accumulated depreciation	<u>2,699,024</u>

Total noncurrent assets 7,782,024

Total assets 12,228,008

LIABILITIES

Current liabilities:

Payables	121,183
Deferred revenue	<u>1,383,117</u>

Total current liabilities 1,504,300

NET ASSETS

Invested in capital assets 7,673,024

Restricted for:

Public safety	106,847
Public works	55,821

Unrestricted 2,888,016

Total net assets \$ 10,723,708

See notes to financial statements

Grand Rapids Charter Township**STATEMENT OF ACTIVITIES**

Year ended December 31, 2006

		<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	
Functions/Programs	<u>Expenses</u>				
Governmental activities:					
Legislative	\$ 20,170	\$ -	\$ -	\$ -	\$ (20,170)
General government	778,306	26,917	630	-	(750,759)
Public safety	1,368,474	227,297	-	-	(1,141,177)
Public works	219,900	91,063	7,977	43,258	(77,602)
Health and welfare	89,352	-	-	-	(89,352)
Community and economic development	86,030	12,495	-	-	(73,535)
Culture and recreation	61,583	6,468	-	-	(55,115)
Total governmental activities	<u>\$ 2,623,815</u>	<u>\$ 364,240</u>	<u>\$ 8,607</u>	<u>\$ 43,258</u>	<u>(2,207,710)</u>
General revenues:					
Property taxes					1,229,987
State shared revenue					952,525
Franchise fees					165,185
Interest income					174,700
Other					<u>2,787</u>
Total general revenues					<u>2,525,184</u>
Change in net assets					317,474
Net assets - beginning					<u>10,406,234</u>
Net assets - ending					<u>\$ 10,723,708</u>

See notes to financial statements

Grand Rapids Charter Township
BALANCE SHEET - governmental funds
December 31, 2006

	<u>General</u>	<u>Improvement Revolving</u>	<u>Public Safety</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$1,362,110	\$ 940,690	\$ 269,577	\$ 115,750	\$ 2,688,127
Investments	236,841	404,962	-	-	641,803
Receivables	471,817	117,434	417,114	42,446	1,048,811
Total assets	<u>\$2,070,768</u>	<u>\$ 1,463,086</u>	<u>\$ 686,691</u>	<u>\$ 158,196</u>	<u>\$ 4,378,741</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 89,543	\$ 3,000	\$ -	\$ 12,544	\$ 105,087
Deferred revenue	606,595	117,434	686,691	89,831	1,500,551
Total liabilities	<u>696,138</u>	<u>120,434</u>	<u>686,691</u>	<u>102,375</u>	<u>1,605,638</u>
Fund balances:					
Unreserved:					
Designated	265,000	-	-	-	265,000
Undesignated	1,109,630	1,342,652	-	-	2,452,282
Unreserved, reported in nonmajor - special revenue funds	-	-	-	55,821	55,821
Total fund balances	<u>1,374,630</u>	<u>1,342,652</u>	<u>-</u>	<u>55,821</u>	<u>2,773,103</u>
Total liabilities and fund balances	<u>\$2,070,768</u>	<u>\$ 1,463,086</u>	<u>\$ 686,691</u>	<u>\$ 158,196</u>	<u>\$ 4,378,741</u>

Amounts reported for governmental activities in the statement of net assets (page 5) are different because:

Total fund balances - governmental funds	\$ 2,773,103
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,673,024
Net assets of the Building Inspections Fund are included in governmental activities.	106,847
Prepaid expenses are not reported in the funds.	53,300
Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>117,434</u>
Net assets of governmental activities	<u>\$ 10,723,708</u>

See notes to financial statements

Grand Rapids Charter Township
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds
Year ended December 31, 2006

	<u>General</u>	<u>Improvement Revolving</u>	<u>Public Safety</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES					
Property taxes	\$ 592,446	\$ -	\$ 637,541	\$ -	\$ 1,229,987
Licenses and permits	165,416	-	-	-	165,416
State grants	952,525	-	-	-	952,525
Charges for services	32,175	-	-	-	32,175
Interest and rentals	121,941	65,721	-	236	187,898
Other	8,883	35,613	-	133,808	178,304
Total revenues	<u>1,873,386</u>	<u>101,334</u>	<u>637,541</u>	<u>134,044</u>	<u>2,746,305</u>
EXPENDITURES					
Legislative	20,170	-	-	-	20,170
General government	727,538	-	-	-	727,538
Public safety	1,000,495	-	-	-	1,000,495
Public works	302,038	-	-	128,595	430,633
Health and welfare	96,052	-	-	-	96,052
Community and economic development	86,030	-	-	-	86,030
Culture and recreation	8,799	-	-	-	8,799
Capital outlay	51,049	-	-	-	51,049
Total expenditures	<u>2,292,171</u>	<u>-</u>	<u>-</u>	<u>128,595</u>	<u>2,420,766</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(418,785)</u>	<u>101,334</u>	<u>637,541</u>	<u>5,449</u>	<u>325,539</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	637,541	500,000	-	20,000	1,157,541
Transfers out	(520,000)	-	(637,541)	-	(1,157,541)
Total other sources (uses)	<u>117,541</u>	<u>500,000</u>	<u>(637,541)</u>	<u>20,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>(301,244)</u>	<u>601,334</u>	<u>-</u>	<u>25,449</u>	<u>325,539</u>
FUND BALANCES - BEGINNING	<u>1,675,874</u>	<u>741,318</u>	<u>-</u>	<u>30,372</u>	<u>2,447,564</u>
FUND BALANCES - ENDING	<u>\$ 1,374,630</u>	<u>\$ 1,342,652</u>	<u>\$ -</u>	<u>\$ 55,821</u>	<u>\$ 2,773,103</u>

See notes to financial statements

Grand Rapids Charter Township
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds (Continued)
Year ended December 31, 2006

Reconciliation of the statement of revenues, expenditures, and changes in
balances to the statement of activities:

Net change in fund balances - total governmental funds (page 8) \$ 325,539

Amounts reported for *governmental activities* in the statement of activities are
different because:

Capital assets:

Assets acquired	246,765
Provision for depreciation	(230,846)

Change in other assets/liabilities:

Prepaid expenses	18,280
Special assessments receivable	(32,313)

Net expenses of the Building Inspections Fund	<u>(9,951)</u>
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Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 317,474</u>
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See notes to the financial statements

Grand Rapids Charter Township
STATEMENT OF NET ASSETS - proprietary fund
December 31, 2006

	<u>Building Inspections</u>
ASSETS	
Cash	\$ 102,823
Receivables	<u>20,120</u>
Total assets	122,943
LIABILITIES	
Payables	<u>16,096</u>
NET ASSETS	106,847
Amounts reported for business-type activities in the government-wide statement of net assets (page 5) are different because:	
Assets and liabilities of the Building Inspections Fund have been combined with those of governmental activities.	<u>(106,847)</u>
Net assets of business-type activities	<u>\$ -</u>

See notes to financial statements

Grand Rapids Charter Township
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS - *proprietary fund*
Year ended December 31, 2006

	<u>Building Inspections</u>
OPERATING REVENUES	
Charges for services - licenses and permits	\$ 227,297
OPERATING EXPENSES	
Salaries and fringe benefits	55,379
Contracted services	<u>181,869</u>
Total operating expenses	<u>237,248</u>
CHANGE IN NET ASSETS	(9,951)
NET ASSETS - BEGINNING	<u>116,798</u>
NET ASSETS - ENDING	<u>\$ 106,847</u>
CHANGE IN NET ASSETS	\$ (9,951)
Amounts reported for business-type activities in the government-wide statement of activities (page 6) are different because:	
Revenues and expenses of the Building Inspections Fund have been combined with those of the governmental activities.	<u>9,951</u>
Change in net assets of business-type activities	<u>\$ -</u>

See notes to financial statements

Grand Rapids Charter Township
STATEMENT OF CASH FLOWS - proprietary fund
Year ended December 31, 2006

	<u>Building Inspections</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 219,103
Payments to employees	(33,133)
Payments to suppliers	<u>(197,560)</u>
Net cash used in operating activities	(11,590)
CASH - BEGINNING	<u>114,413</u>
CASH - ENDING	<u><u>\$ 102,823</u></u>
 Reconciliation of change in net assets to net cash used in operating activities:	
Change in net assets	\$ (9,951)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in receivables	(8,194)
Increase in payables	<u>6,555</u>
Net cash used in operating activities	<u><u>\$ (11,590)</u></u>

See notes to financial statements

Grand Rapids Charter Township
STATEMENT OF FIDUCIARY NET ASSETS - Agency Funds
December 31, 2006

ASSETS

Cash	<u>\$ 1,365,522</u>
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LIABILITIES

Payables	<u>\$ 1,365,522</u>
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See notes to financial statements

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Grand Rapids Charter Township, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present the activities of the Township. There are no component units, legally separate entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Improvement Revolving Fund accounts for utility improvements financed through special assessments.

The Public Safety Fund accounts for the financial resources used for the operational costs of the Township's public safety functions. Revenues are derived from property taxes.

The Township reports a single proprietary fund, the Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Township reports fiduciary funds, its Agency and Tax Collection funds, which account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) Receivables - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the government-wide financial statements.

iv) Capital assets - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., roads, pathways, and similar items), are reported in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets retroactively.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Land improvements	20 years
Equipment	5 - 10 years
Vehicles	10 - 15 years

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on February 14 (with the final collection date of February 28), at which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, taxes have been deferred from recognition as revenue until the following year.

The 2006 taxable valuation of the Township totaled \$749,278,899, on which ad valorem taxes levied consisted of the following:

<u>Fund</u>	<u>Millage rate</u>	<u>Purpose</u>	<u>Taxes raised</u>
General	0.7500	Operating	\$ 562,868
Public safety	0.8495	Public safety	637,541

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. The budget document presents information by fund, function, department and line-item. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

Excess of expenditures over appropriations - The following schedule sets forth a significant budget variance:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Capital outlay	\$ 43,000	\$ 51,049	\$ (8,049)

NOTE 3 - CASH AND INVESTMENTS:

The Township's deposits and investments were reported in the basic financial statements as follows:

	<u>Governmental activities</u>	<u>Fiduciary funds</u>	<u>Totals</u>
Cash	\$ 2,790,950	\$ 1,365,522	\$ 4,156,472
Investments	641,803	-	641,803
Totals	<u>\$ 3,432,753</u>	<u>\$ 1,365,522</u>	<u>\$ 4,798,275</u>

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH AND INVESTMENTS (Continued):

Deposits:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance. As of December 31, 2006, \$4,063,221 of the Township's bank balances of \$4,862,811 was exposed to custodial credit risk because it was uninsured. The Township believes that it is impractical to insure all bank deposits. The Township evaluates each financial institution with which it deposits funds and assesses the risk level of each financial institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Investments:

State statutes authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper, with three (3) highest rate classifications by at least two (2) rating services, maturing not later than 270 days; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; e) mutual funds; and f) investment pools organized under the local government investment pool act. Not more than 50% of any mutual fund may be invested in commercial paper. The Township's investments consist of holdings in the Kent County Investment Pool and the Michigan Class Investment Pool, which are nonrisk categorized, qualifying investments that are carried at cost, which approximates fair market value.

NOTE 4 - RECEIVABLES:

Receivables as of year end of the Township's funds, are as follows:

<i>Fund</i>	<i>Accounts</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Total</i>
General	\$ 5,996	\$ 301,256	\$ -	\$ 164,565	\$ 471,817
Improvement Revolving	-	-	117,434	-	117,434
Public Safety	-	417,114	-	-	417,114
Building Inspections	20,120	-	-	-	20,120
Nonmajor governmental	-	-	42,446	-	42,446
Totals	<u>\$ 26,116</u>	<u>\$ 718,370</u>	<u>\$ 159,880</u>	<u>\$ 164,565</u>	<u>\$ 1,068,931</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,000</u>	<u>\$ -</u>	<u>\$ 109,000</u>

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - DEFERRED REVENUE:

Governmental funds report deferred revenues in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds may also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, several of the funds deferred recognition of revenues that were considered unearned or unavailable at December 31, 2006. The types of revenues deferred, by fund, follow:

<u>Fund</u>	<u>Unearned Taxes</u>	<u>Unavailable Assessments</u>	<u>Totals</u>
General	\$ 606,595	\$ -	\$ 606,595
Improvement Revolving	-	117,434	117,434
Public Safety	686,691	-	686,691
Nonmajor governmental	89,831	-	89,831
Totals	<u>\$ 1,383,117</u>	<u>\$ 117,434</u>	<u>\$ 1,500,551</u>

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 4,974,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,974,000</u>
Capital assets being depreciated:				
Infrastructure - shared road costs	39,930	-	-	39,930
Building and improvements	2,979,000	212,730	-	3,191,730
Equipment	299,215	11,145	-	310,360
Vehicles	919,367	22,890	-	942,257
Subtotal	<u>4,237,512</u>	<u>246,765</u>	<u>-</u>	<u>4,484,277</u>
Less accumulated depreciation for:				
Infrastructure - shared road costs	(832)	(1,197)	-	(2,029)
Buildings and improvements	(964,411)	(101,934)	-	(1,066,345)
Equipment	(156,664)	(22,795)	-	(179,459)
Vehicles	(432,500)	(104,920)	-	(537,420)
Subtotal	<u>(1,554,407)</u>	<u>(230,846)</u>	<u>-</u>	<u>(1,785,253)</u>
Total capital assets being depreciated, net	<u>2,683,105</u>	<u>15,919</u>	<u>-</u>	<u>2,699,024</u>
Governmental activities capital assets, net	<u>\$ 7,657,105</u>	<u>\$ 15,919</u>	<u>\$ -</u>	<u>\$ 7,673,024</u>

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:

General government	\$ 50,406
Public safety	125,659
Public works	1,997
Culture and recreation	<u>52,784</u>

Total \$ 230,846

NOTE 7 - PAYABLES:

Payables as of year end of the Township's funds, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 11,371	\$ 31,129	\$ 47,043	\$ 89,543
Improvement Revolving	3,000	-	-	3,000
Building Inspections	-	-	16,096	16,096
Nonmajor governmental	<u>12,544</u>	<u>-</u>	<u>-</u>	<u>12,544</u>
Total	<u>\$ 26,915</u>	<u>\$ 31,129</u>	<u>\$ 63,139</u>	<u>\$ 121,183</u>

NOTE 8 - INTERFUND TRANSFERS:

Interfund transfers for the year ended December 31, 2006, are as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
General	<u>\$ 637,541</u>	Public Safety	\$ 637,541
Improvement Revolving	500,000	General	<u>520,000</u>
Nonmajor governmental	<u>20,000</u>		
	<u>520,000</u>		
Totals	<u>\$ 1,157,541</u>	Totals	<u>\$ 1,157,541</u>

The transfer to the General Fund represents restricted revenues collected in the Public Safety Fund to pay for operational costs of the public safety functions accounted for in the General Fund. The transfer to the Improvement Revolving and other governmental funds represents unrestricted resources from the General Fund.

Grand Rapids Charter Township
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes a percentage of each qualified employee's base salary to the plan. The Township contributes 12% for non-union employees and union employees. The Township's contributions are fully vested immediately. The Township made the required contributions of \$74,154 for the year ended December 31, 2006.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 11 - RESTRICTED NET ASSETS:

Net assets of the governmental activities as of December 31, 2006, are restricted for the following purposes:

Public safety - construction code inspections	<u>\$ 106,847</u>
Public works:	
Lakes management	8,652
Street lighting and maintenance	16,678
Leonard/Crahen/Foresthill pathways	30,017
East Beltline gateways	<u>474</u>
Total public works	<u>55,821</u>
TOTAL	<u>\$ 162,668</u>

REQUIRED SUPPLEMENTARY INFORMATION

Grand Rapids Charter Township
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 569,850	\$ 569,850	\$ 592,446	\$ 22,596
Licenses and permits	147,150	147,150	165,416	18,266
State grants	930,000	930,000	952,525	22,525
Charges for services	55,600	55,600	32,175	(23,425)
Interest and rentals	60,500	100,500	121,941	21,441
Other	10,100	10,100	8,883	(1,217)
Total revenues	<u>1,773,200</u>	<u>1,813,200</u>	<u>1,873,386</u>	<u>60,186</u>
EXPENDITURES				
Legislative	<u>19,700</u>	<u>19,700</u>	<u>20,170</u>	<u>(470)</u>
General government:				
Supervisor	57,211	57,211	50,264	6,947
Elections	30,000	30,000	33,854	(3,854)
Assessor	65,524	63,524	46,009	17,515
Clerk	94,227	94,227	93,848	379
Board of review	2,120	4,120	932	3,188
Treasurer	86,590	86,590	82,100	4,490
Hall and grounds	109,000	109,000	108,137	863
Cemetery	400	400	1,100	(700)
General administration	337,381	337,381	311,294	26,087
Total general government	<u>782,453</u>	<u>782,453</u>	<u>727,538</u>	<u>54,915</u>
Public safety:				
Police protection	418,000	418,000	393,002	24,998
Fire department	721,620	644,620	607,493	37,127
Total public safety	<u>1,139,620</u>	<u>1,062,620</u>	<u>1,000,495</u>	<u>62,125</u>
Public works:				
Road improvements and maintenance	75,000	50,000	47,689	2,311
Pathways	125,000	230,000	212,730	17,270
Street lights	2,500	2,500	2,364	136
Other	32,000	23,000	39,255	(16,255)
Total public works	<u>234,500</u>	<u>305,500</u>	<u>302,038</u>	<u>3,462</u>

Grand Rapids Charter Township
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance	\$ 100,830	\$ 100,830	\$ 96,052	\$ 4,778
Community and economic development - planning and zoning	171,129	141,129	86,030	55,099
Culture and recreation - parks and recreation	16,600	16,600	8,799	7,801
Capital outlay	43,000	43,000	51,049	(8,049)
Total expenditures	2,507,832	2,471,832	2,292,171	179,661
DEFICIENCY OF REVENUES OVER EXPENDITURES	(734,632)	(658,632)	(418,785)	239,847
OTHER FINANCING SOURCES (USES)				
Operating transfer in - Public Safety Fund	636,000	636,000	637,541	1,541
Operating transfers out:				
Improvement Revolving Fund	(500,000)	(500,000)	(500,000)	-
East Beltline Gateway Fund	-	(20,000)	(20,000)	-
Total other sources	136,000	116,000	117,541	1,541
NET CHANGES IN FUND BALANCES	(598,632)	(542,632)	(301,244)	241,388
FUND BALANCES - BEGINNING	1,675,874	1,675,874	1,675,874	-
FUND BALANCES - ENDING	<u>\$1,077,242</u>	<u>\$1,133,242</u>	<u>\$1,374,630</u>	<u>\$ 241,388</u>

Grand Rapids Charter Township
BUDGETARY COMPARISON SCHEDULE - Improvement Revolving Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 35,000	\$ 35,000	\$ 65,721	\$ 30,721
Other - special assessments	<u>8,800</u>	<u>8,800</u>	<u>35,613</u>	<u>26,813</u>
Total revenues	43,800	43,800	101,334	57,534
OTHER FINANCING SOURCES				
Operating transfer in - General Fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	543,800	543,800	601,334	57,534
FUND BALANCES - BEGINNING	<u>741,318</u>	<u>741,318</u>	<u>741,318</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$1,285,118</u>	<u>\$1,285,118</u>	<u>\$1,342,652</u>	<u>\$ 57,534</u>

Grand Rapids Charter Township
BUDGETARY COMPARISON SCHEDULE - Public Safety Fund
Year ended December 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 636,000	\$ 636,000	\$ 637,541	\$ 1,541
OTHER FINANCING USES				
Transfer out - General Fund	<u>(636,000)</u>	<u>(636,000)</u>	<u>(637,541)</u>	<u>(1,541)</u>
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

Grand Rapids Charter Township
COMBINING BALANCE SHEET - nonmajor governmental funds
December 31, 2006

	Special revenue funds			
	<u>Lakes Management</u>	<u>Lighting and Maintenance</u>	<u>Leonard/Crahen/ Forest Hills Pathway</u>	<u>East Beltline Gateway</u>
ASSETS				
Cash	\$ 21,821	\$ 59,722	\$ 33,733	\$ 474
Receivables	<u>8,770</u>	<u>33,676</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,591</u>	<u>\$ 93,398</u>	<u>\$ 33,733</u>	<u>\$ 474</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 2,500	\$ 6,328	\$ 3,716	\$ -
Deferred revenue	<u>19,439</u>	<u>70,392</u>	<u>-</u>	<u>-</u>
Total liabilities	21,939	76,720	3,716	-
Fund balances - unreserved, undesignated	<u>8,652</u>	<u>16,678</u>	<u>30,017</u>	<u>474</u>
Total liabilities and fund balances	<u>\$ 30,591</u>	<u>\$ 93,398</u>	<u>\$ 33,733</u>	<u>\$ 474</u>

Totals

\$ 115,750
42,446

\$ 158,196

12,544
89,831

102,375

55,821

\$ 158,196

Grand Rapids Charter Township**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - nonmajor governmental funds**

Year ended December 31, 2006

	Special revenue funds		
	<u>Lakes Management</u>	<u>Lighting and Maintenance</u>	<u>Leonard/Crahen/ Forest Hills Pathway</u>
REVENUES			
Interest	\$ -	\$ -	\$ -
Other:			
Special assessments	18,851	71,699	-
Donations and contributions	-	-	33,733
	<u>18,851</u>	<u>71,699</u>	<u>33,733</u>
Total revenue	18,851	71,699	33,733
EXPENDITURES			
Public works	<u>23,384</u>	<u>72,208</u>	<u>3,716</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,533)	(509)	30,017
OTHER FINANCING SOURCES			
Operating transfer in - General Fund	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(4,533)	(509)	30,017
FUND BALANCE - BEGINNING	<u>13,185</u>	<u>17,187</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 8,652</u>	<u>\$ 16,678</u>	<u>\$ 30,017</u>

<u>East Beltline Gateway</u>	<u>Totals</u>
\$ 236	\$ 236
-	90,550
<u>9,525</u>	<u>43,258</u>
9,761	134,044
<u>29,287</u>	<u>128,595</u>
(19,526)	5,449
<u>20,000</u>	<u>20,000</u>
474	25,449
<u>-</u>	<u>30,372</u>
<u>\$ 474</u>	<u>\$ 55,821</u>

**Members of the Township Board
Grand Rapids Charter Township, Michigan**

In planning and performing our audit of the financial statements of Grand Rapids Charter Township, Michigan as of and for the year ended December 31, 2006, in accordance with U.S. generally accepted auditing standards, we considered Grand Rapids Charter Township, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of management, the Board of Trustees of the Grand Rapids Charter Township, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

March 28, 2007